

Message Text

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SUBJECT: SOCIET GENERALE GOVERNOR'S MEETING WITH MOBUTU

REF: KINSHASA 374

1. SUMMARY: ACCORDING TO NOKIN, TALKS BETWEEN SGM AND GOZ REPRESENTATIVES ON REVISION OF COPPER CONTRACT WILL BEGIN IN PARIS JANUARY 23 IF MOBUTU FULFILLS COMMITMENT TO RESUME MANAGEMENT FEE PAYMENTS. IN JANUARY 19 MEETING WITH NOKIN, MOBUTU ATTRIBUTED DESIRE TO RENEGOTIATE CONTRACT TO EXPERIENCE HE AND HIS ADVISORS HAVE ACQUIRED SINCE 1969. NOKIN SAYS THAT UNDER ORIGINAL SETTLEMENT UNION MINIERE WAS TO BE COMPENSATED TOTAL OF APPROXIMATELY 13 BILLION BF PLUS INTEREST. NOKIN SEES NO PRESENT NEED FOR WORLD BANK INVOLVEMENT IN DISPUTE AND ESTIMATES ZAIRE WILL NEED BELGIAN COPPER INDUSTRY'S COOPERATION FOR SEVERAL MORE YEARS. END SUMMARY.

2. SOCIETE GENERALE GOVERNOR MAX NOKIN ON JANUARY 22 GAVE AMBASSADOR FOLLOWING ACCOUNT OF HIS CONVERSATION WITH ZAIRIAN PRESIDENT MOBUTU IN BADEN BADEN JANUARY 19. MOBUTU TOLD NOKIN HE WANTED TO RENEGOTIATE COPPER AGREEMENT BECAUSE AT TIME IT WAS ORIGINALLY NEGOTIATED HE AND HIS ADVISORS WERE INEXPERIENCED. NOW THEY ARE EXPERIENCED. NOKIN RAISED SUBJECT OF SUSPENDED PAYMENTS OF 6 PERCENT MANAGEMENT FEE. MOBUTU TALKED AROUND ISSUE BUT SAID THAT AS
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SOLDIER HE ALWAYS KEPT HIS WORD. HE SUGGESTED THAT DISCUSSIONS BEGIN IN PARIS JANUARY 23 BETWEEN TWO REPRESENTATIVES OF SGM AND TWO FROM GOZ (INCLUDING BISENGIMANA). NOKIN REPLIED THAT HE WOULD AGREE TO TALKS IN PARIS ONLY IF

6 PERCENT FEE PAYMENTS RESUMED. HE ALSO MADE POINT THAT HE REPRESENTED NOT ONLY SOCIETE GENERALE MANAGEMENT AND BELGIANS BUT COMPANY'S STOCKHOLDERS ALL OVER WORLD.

3. ACCORDING TO NOKIN, BISENGIMANA TELEPHONED HIM JANUARY 22, AFTER NOKIN'S RETURN TO BRUSSELS, TO ASK WHETHER SGM WOULD TAKE PART IN TALKS IN PARIS. NOKIN REITERATED THAT SGM REPRESENTATIVES WOULD NOT PARTICIPATE UNLESS FEE PAYMENTS RESUMED. BISENGIMANA SAID THAT MOBUTU HAD AGREED TO RESUME PAYMENTS IF SGM REPRESENTATIVES SHOWED UP IN PARIS JANUARY 23. NOKIN TOLD AMBASSADOR TO RENEGOTIATE CONTRACT, PERHAPS BY AGREEING TO DEFERRED PAYMENT SCHEDULE IF NECESSARY.

4. IN RESPONSE TO AMBASSADOR'S QUESTION ON HOW MUCH COMPENSATION IS DUE UNION MINIERE FOR 1967 EXPROPRIATION, NOKIN SAID THAT UMHK ASSETS HAD BEEN WORTH 50 BILLION BF BUT THAN UNION MINIERE HAD SETTLED FOR FIGURE OF BEWTEEN 11.5 AND 15 BILLION BF, I.E., ABOUT 13 BILLION BF. HE ADDED, HOWEVER, THAT PRECISE FULL VALUE DIFFICULT TO CALCULATE BECAUSE OF INTEREST PAYMENTS WHICH ARE PART OF AGREEMENT.

5. NOKIN DID NOT SEE ANY POINT IN TAKING DISPUTE OVER CONTRACT TO IBRD PRESIDENT MACNAMARA UNLESS NEGOTIATIONS DEMONSTRATE SUCH ACTION NECESSARY.

6. NOKIN COMMENTED TO AMBASSADOR THAT ONE FACTOR WHICH SHOULD INFLUENCE ZAIRIANS TO AVOID COMPLETE RUPTURE OF CONTRACT IS THAT THEY NEED HOBOKEN REFINERY'S CAPABILITY OF NOT ONLY REFINING COPPER BUT OF SEPARATING OUT COBALT. THEY NEED AS WELL SGM'S ESTABLISHED DISTRIBUTION NETWORK.

7. NOKIN OBSERVED THAT CONSTRUCTION OF REFINERY AT BANANA STILL MANY YEARS AWAY AND THAT, DESPITE COMPETING OFFERS FROM OTHER COUNTRIES, SGM WAS ONLY FIRM THAT COULD
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DO JOB EFFECTIVELY. NOKIN DISCOUNTED LEVERAGE SGM MIGHT HAVE WITH ZAIRIANS THROUGH ITS PROVISION OF TECHNICIANS IN COPPER INDUSTRY IN SHABA. HE SAID THAT INDUSTRY RAPIDLY ZAIRIANIZING AND THAT GOZ COULD RECRUIT TECHNICIANS FROM OTHER COUNTRIES IF NECESSARY.

8. NOKIN BELIEVES CHINESE, WHOSE PRESENCE INCREASING, AND FRENCH, HAVE INFLUENCED MOBUTU TO ACT AGAINST SGM. STAUSZ-HUPE

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